Energy Community

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Mr. Denys Senektutov
Chairman of the Association
Ukrainian Gas Market Association

Vienna, 5 February 2019
DIV/O/jko/14/05-02-2019

Subject: Non-implementation of daily balancing

Ref: letter No. 0119-06 as of 31 January 2019

Dear Mr. Senektutov,

Thank you very much for your letter and proactive approach, elaborating the consequences of non-implementing the mandatory legislation, i.e. the Gas Transmission System Code with its amendments, approved as of 27 December 2017 and as of 25 September 2018.

The Secretariat fully agrees with your concerns in regard of the postponement of implementation of daily balancing by the transmission system operator, its high influence to the gas market functioning, as well as importance of the unbundled system operator, able to act independently of any supplier.

I would like to inform you, if you might not be aware, about related process at the Energy Community Dispute Resolution and Negotiation Centre. Namely, the Secretariat acts as a mediator in the dispute between Ukrtransgaz and NEURC over the implementation of the Gas Transmission System Code as amended on 27 December 2017. The mediation started in July 2018, and as a result, in the ongoing mediation process, Ukrtransgaz and NEURC adjusted certain provisions of the Gas Transmission System Code. This resulted in the Amendments to the Code, approved on 25 September 2018. Indeed, those Amendments were meant to be implemented by 1 October 2018, which would be delay of 2 months in comparison to originally foreseen date of the daily balancing implementation, 1 August 2018. Regretfully, Ukrtransgaz asked twice for the postponement, first till 1 December 2018, and then till 1 March 2019, elaborating those requests by the need to extend testing phase of the platform. So far, the Secretariat has received statements by both parties in the mediation process that the new postponement will not be requested nor approved. In any case, we are not ready to tolerate new breach of the deadline as of 1 March 2019. In that direction, the Secretariat welcomes your intention to bring this very important issue to the relevant stakeholders of Ukraine in due time, i.e. before expiration of the deadline.

Sincerely yours,

Janez Kopač
Director